

## Message Text

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PAGE 01 GENEVA 02391 01 OF 02 291917Z

ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 L-03 FRB-03 OMB-01

ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

TRSE-00 CEA-01 USIE-00 INRE-00 SSO-00 AF-08

ARA-06 EA-07 NEA-10 /099 W

-----291959Z 031948 /50

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FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 6284

AMEMBASSY BERN NIACT IMMEDIATE

INFO USMISSION USEC BRUSSELS

USUN NEW YORK 4511

OECD PARIS 9554

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 2391

BERN PASS TO UNDERSECRETARY COOPER IN BASEL

EB/ORF - FOR BOSWORTH AND WENDT

E.O. 11652: GDS

TAGS: UNCTAD EGEN

SUBJ: UNCTAD: UN CONFERENCE ON A COMMON FUND: MARCH 29

EC PROPOSAL FOR A DRAFT DECISION

1. SUMMARY: AT MARCH 29 GROUP B MEETING, EC PRESENTED NEW PROPOSED VERSION OF DRAFT DECLARATION FOR DISCUSSION. IT BEGINS BY ASSERTING THAT QUOTE THE CONFERENCE AGREED THAT THERE SHOULD BE A COMMON FUND UNQUOTE AND THEN IN TWO BRIEF PARAGRAPHS STATES PURPOSES OF A CF AND SETS NEW MEETING DATE FOR CONFERENCE. ANNEX TO PAPER SETS FORTH A NUMBER OF PRINCIPLES WHICH EC BELIEVES COULD PROVIDE THE BASIS FOR FURTHER NEGOTIATION AT SUCH A CONFERENCE. US DEL (BOERNER) SAID WE COULD NOT ACCEPT FLAT STATEMENT PROPOSED BY EC THAT THERE SHOULD BE A FUND, AND SAID WE WOULD PROVIDE ALTERNATIVE LANGUAGE FOR NEXT MEETING OF GROUP B ON  
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PAGE 02 GENEVA 02391 01 OF 02 291917Z

MARCH 30. CANADIANS, AUSTRALIANS, JAPANESE AND SWISS ALSO SAID THEY COULD NOT ACCEPT EC STATEMENT, BUT NORDICS ENDORSED IT. THERE WAS ALSO DISCUSSION OF PRINCIPLES CONTAINED IN DRAFT WHICH ARE ALMOST IDENTICAL TO THOSE SUBMITTED IN GENEVA 2348. END SUMMARY.

2. FOLLOWING IS TEXT OF EC DRAFT:

QUOTE:  
THE CONFERENCE

AGREES THAT THERE SHOULD BE A COMMON FUND.

SUCH A COMMON FUND SHOULD CONTRIBUTE TO THE ATTAINMENT OF THE OBJECTIVES OF THE INTEGRATED PROGRAMME FOR COMMODITIES AS EMBODIED IN RESOLUTION 93 (IV) AND SHOULD BE SATISFACTORILY WORKED OUT AND ACCEPTED BY A WIDE RANGE OF DEVELOPED AND DEVELOPING COUNTRIES.

DECIDES THAT NEGOTIATIONS SHOULD BE RESUMED IN / NOT LATER THAN ... IN ORDER THAT THE ELEMENTS OF SUCH A FUND SHOULD BE FURTHER ELABORATED AND NEGOTIATED, ON THE BASIS OF THE PROPOSITIONS SET OUT, IN A PRELIMINARY WAY, IN ANNEX 1.

ANNEX 1

PRELIMINARY STATEMENT OF PROPOSITIONS WHICH SHOULD FORM THE BASIS OF A COMMON FUND

1. A COMMON FUND SHOULD PROVIDE SUPPORT FOR INDIVIDUAL COMMODITY AGREEMENTS BETWEEN PRODUCERS AND CONSUMERS.
2. A COMMON FUND SHOULD FOSTER INTERNATIONAL TRADE AND CO-OPERATION IN WAYS RESPECTING THE CHARACTERISTIC OF INDIVIDUAL COMMODITIES.
3. A COMMON FUND SHOULD PROVIDE FINANCIAL ECONOMIES IN COMPARISON  
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PAGE 03 GENEVA 02391 01 OF 02 291917Z

WITH SEPARATELY-FINANCED BUFFER STOCKS.

4. A COMMON FUND SHOULD BE A FINANCIALLY VIABLE INSTITUTION; AS FAR AS BUFFER STOCKING IS CONCERNED.
5. A COMMON FUND SHOULD HAVE AS ITS FOUNDATION A PATTERN OF MUTUAL ASSISTANCE AMONGST INDIVIDUAL COMMODITY AGREEMENTS AND SHOULD ALLOW OPTIMAL USE OF RESOURCES MADE AVAILABLE THROUGH ICOS.
6. A COMMON FUND SHOULD FACILITATE THE STABILIZATION OF PRICES AROUND THE LONG-TERM MARKET TREND.
7. A COMMON FUND SHOULD FUNCTION ON THE BASIS OF THE INTERESTS OF PRODUCERS AND CONSUMERS REPRESENTING A MAJOR SHARE OF WORLD IMPORTS AND EXPORTS, MUTUALLY DETERMINED.
8. INTERVENTION IN THE MARKETS FOR INDIVIDUAL COMMODITIES CAN APPROPRIATELY BE UNDERTAKEN ONLY BY, AND ACCORDING TO THE TERMS OF INDIVIDUAL COMMODITY AGREEMENTS. ACCORDINGLY A COMMON FUND SHOULD

NOT INTERVENE DIRECTLY IN THE MARKET.

9. A COMMON FUND SHOULD RESPECT THE AUTONOMY OF INDIVIDUAL ICOS.  
IN PARTICULAR: - IT SHOULD NOT INTERFERE WITH POLICY OF OPERATIONAL  
DECISIONS MADE BY ICOS, INCLUDING THOSE REGARDING THE NEED FOR AND  
SIZE OF INDIVIDUAL BUFFER STOCKS AND METHODS OF THEIR FINANCING;  
- ALL ICOS WHICH ASSOCIATE WITH A COMMON FUND SHOULD HAVE EQUITABLE  
ACCESS TO FINANCING AVAILABLE THROUGH ITS FUNDING MECHANISM;  
- ICOS SHOULD BE FREE TO DECIDE NOT TO PARTICIPATE IN ARRANGEMENTS  
OF A COMMON FUND.

A COMMON FUND SHOULD NOT BE A SUBSTITUTE FOR THE FINANCING OF  
STABILISATION MEASURES BY ICOS AND SHOULD NOT DETRACT FROM THE  
DISCIPLINE THAT THAT RESPONSIBILITY ENTAILS. BUT WHENEVER  
PRODUCERS AND CONSUMERS, IN THE COURSE OF NEGOTIATION, ARE AGREED ON  
MEASURES AND ON THE PRICE OF A PRODUCT, THE LACK OF FINANCE SHOULD  
NOT PREVENT SUCH AN AGREEMENT FROM BEING CONCLUDED AND THE CONFERENCE  
CONFIDENTIAL

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PAGE 04 GENEVA 02391 01 OF 02 291917Z

WOULD CONSIDER IT USEFUL TO DISCUSS METHODS WHEREBY PRODUCERS AND  
CONSUMERS CAN ENSURE THIS.

OTHER MEASURES

THE NEED AND SCOPE FOR THE COMMON FUND TO FACILITATE THE FINANCING  
OF TO FINANCE OTHER MEASURES SHOULD BE FURTHER EXPLORED.

UNQUOTE.

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PAGE 01 GENEVA 02391 02 OF 02 291932Z

ACTION EB-08

INFO OCT-01 ISO-00 IO-13 AF-08 ARA-06 EA-07 EUR-12  
NEA-10 L-03 FRB-03 OMB-01 ITC-01 SP-02 AGRE-00  
AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00  
OIC-02 SIL-01 STR-04 TRSE-00 CEA-01 USIE-00  
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C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 2391

3. MARCH 29 MEETING OF GROUP B DELAYED UNTIL AFTERNOON WHILE EC SPENT MORNING IN DRAFTING SESSION TO PRODUCE ABOVE TEXT. EC SPOKESMAN (STEELE) INDICATED THREE PARAGRAPH DRAFT CONFERENCE DECISION AGREED BY EC MEMBER STATES, BUT PRINCIPLES IN ATTACHED ANNEX REPRESENTED A DISTILLATION OF VARIOUS IDEAS DISCUSSED IN GROUP B AND DID NOT REPRESENT AGREED EC POSITION.

4. FIRST ROUND OF GROUP B COUNTRY REACTIONS FOCUSED ON FIRST SENTENCE OF TEXT. US DEL (BOERNER) SAID THAT HIS INSTRUCTIONS, WHICH HAD BEEN RECHECKED FOLLOWING THE ROME COMMUNIQUE, WOULD NOT ALLOW THE US TO ACCEPT SUCH LANGUAGE, AND THIS APPLIED TO LATTER HALF OF SECOND SENTENCE AS WELL. HE STRESSED THAT US COULD NOT ENDORSE AN INSTITUTION WITHOUT KNOWING ANYTHING OF ITS DETAILS, AND THEREFORE OUR PROBLEM WAS A SUBSTANTIVE ONE, NOT JUST A DRAFTING PROBLEM. HE ALSO NOTED THAT THE EC TEXT ABANDONED ANY LINK BETWEEN PROGRESS IN INDIVIDUAL COMMODITY CONSULTATIONS AND NEGOTIATIONS AND DECISIONS ON  
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PAGE 02 GENEVA 02391 02 OF 02 291932Z

A COMMON FUND. FOR THE US THIS WAS A CRITICAL LINK. HE SAID US WOULD DEVELOP ALTERNATIVE FORMULATIONS AND PRESENT THEM TO THE GROUP THE FOLLOWING MORNING.

5. JAPAN REP STATED THAT "AS THINGS STAND NOW, WE CANNOT ACCEPT EC STATEMENT." HE ALSO SUPPORTED US STANCE ON IMPORTANCE OF LINK BETWEEN PROGRESS ON INDIVIDUAL COMMODITIES AND COMMON FUND. CANADIAN REP (HILTON) ARGUED THAT NO COMMITMENT SHOULD BE MADE UNTIL WE KNEW FAR MORE ABOUT DETAILS OF COMMON FUND, AND HENCE THE FIRST SENTENCE GAVE HIM "GREAT DIFFICULTY." AUSTRALIA REP (TEESE) STATED THAT HE ALSO HAD CHECKED WITH CANBERRA AND THE AUSTRALIAN RESERVATION MADE AT NAIROBI STILL STOOD. HENCE HE COULD NOT ACCEPT THE FIRST SENTENCE. SWISS REP (CUTTAT) STATED THAT EC PROPOSAL "NOT ACCEPTABLE AT THIS TIME." HE INDICATED THAT ANY ACCEPTANCE IN PRINCIPLE WOULD HAVE TO BE ON A HIGHLY CONDITIONAL BASIS, AND HE WOULD NEED TO KNOW WHAT THOSE CONDITIONS WERE. ALL THREE NORDIC COUNTRIES SUPPORTED THE EC APPROACH, ARGUING THAT IT WOULD PROVIDE A BASIS FOR COMPROMISE WITH THE G-77 AND MAINTAIN A POSITIVE TONE FOR THIS CONFERENCE AND FUTURE NEGOTIATIONS WITH THE G-77.

6. THERE WAS ONLY A BRIEF DISCUSSION OF THE LIST OF

PRINCIPLES, WITH MOST COUNTRIES INDICATING THAT THEY WOULD  
NEED TIME TO REVIEW SPECIFIC LANGUAGE. GROUP B WILL  
RESUME DISCUSSION ON MARCH 30, POSSIBLY IN A SMALL  
SEPARATE DRAFTING GROUP. US DEL PARTICULARLY NOTED THAT  
PARA ONE WENT WELL BEYOND WHAT WE UNDERSTOOD TO BE A  
GENERAL GROUP B COMMITMENT THAT COMMON FUND SHOULD  
FACILITATE FINANCING FOR ICO BUFFER STOCKS, NOT PROVIDE  
GENERAL SUPPORT. US AND MANY OTHER DELEGATIONS COM-  
MENTED ON MOST OTHER PRINCIPLES; WE WILL KEEP WASHINGTON  
INFORMED AS LANGUAGE BECOMES MORE REFINED. US DEL ALSO  
NOTED THAT WE WOULD HAVE TO DETERMINE WHAT IF ANY MIGHT  
BE THE MOST APPROPRIATE USE FOR SUCH A LIST OF PRINCIPLES,  
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PAGE 03 GENEVA 02391 02 OF 02 291932Z

E.G., AS PART OF A CONFERENCE RESOLUTION, OR AS A GROUP B  
CONFERENCE DOCUMENT.SORENSEN

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## Message Attributes

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